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An Old Master, and Other Political Essays. By WOODROW WILSON, Pp. 181. New York: Charles Scribner's Sons. 1893.

In this attractive little volume Professor Wilson has gathered together five essays. The first, "An Old Master," and the second, "The Study of Politics," are republished from the *New Princeton Review*; the essay on "Political Sovereignty" appears for the first time; the two on "Character of Democracy in the United States" and on "Government under the Constitution," have previously appeared in the *Atlantic Monthly*.

The real purpose of the essays and of their publication in book form is rather to reach lay readers than to accomplish any doctrinal intent; but when one speaks who has the reputation which Professor Wilson justly holds in the literary and scientific world, his utterances cannot avoid influencing doctrinal opinion. If they contain any error, the fact should be revealed by the search-light of doctrinal criticism.

In the first of the five papers Adam Smith and his work are used to emphasize the educational importance of the employment of a literary method in the class-room lecture. The thought of the essay, that higher education should not "be cut off from communion with the highest of all forces, the force of personal inspiration," is of great educational importance. Were more lecturers to follow the example of Professor Wilson in studying Adam Smith and other masters of the art of class-lecturing we should see a great widening of the teacher's influence within and beyond the walls of the lecture-room.

The essay on "The Study of Politics" incidentally brings out Professor Wilson's conception of economics and of the relation of this science to the study of politics. Though claiming to accept the principles of the Historical School, he ridicules their methods as crude. "How is the world," he says, "to contain the writings, statistical, historical, critical, which must be accumulated ere this enormous diagnosis of trade and manufacture, shall be complete in its details? And after it shall have been completed in detail, who is to be born great enough in genius and patience to reduce the mass to a system comprehensible by ordinary mortals?" What the historical economists really want, he maintains, is not, as they suppose, a more *scientific* method, but a higher *literary* method, by which Professor Wilson means a method which, in its highest manifestation, sees man acting under all his motives at once. In order to understand these motives and to depict the operation of the psychic factors of economic life, the economist must welcome and not decry the free use of constructive imagination.

This is a valid criticism of a good deal of the more recent work of the Historical School; but applies in much less degree to the writings of the older German thinkers, such as Hildebrand, Knies, or even

Roscher. Professor Wilson is correct in saying that students of economic history should possess the vivifying power of a constructive imagination ; but his criticism should have gone deeper. Economic study consists of more than a vivid presentation of the past ; it ought to *do* this, but the science proper *is* a body of doctrine. The basis of the science is subjective, its laws are obtained by psychological analyses. Economic science and economic history are the two parts which comprise the whole subject. The two parts, having been developed, are of course to be brought together ; the laws of economic science are active in economic history.

In Professor Wilson's mind, politics and economics are studies essentially similar in character, for both are studies of the life of man in society. This view seems to misconceive the fundamental character of both economics and politics. Professor Wilson lays himself open to the same criticism that may be made of the Historical School generally. When Adam Smith set off the science which has since been named Political Economy, and has later come to be called Economics, from the other sciences, by declaring it to be the one based on motives of self-interest, he made a most important distinction. Economics, as a science, deals only with utilities, is the science of utilities, and, in the ultimate analysis, is synonymous with utilitarianism. Politics, as a science, is something quite different from this. In economic life the original instincts are those of self-interest : and these remain the dominant ones, however greatly in the highly organized condition of modern life they may be modified by social instincts. In political life, however, the dominant instincts are always the social. Here the individual does not measure utility against utility in deciding upon a course of action, but follows mainly the promptings of complex feelings.

The essay on " Political Sovereignty " is a very suggestive one. After passing the views of Thibaut, Savigny, Austin, Sidgwick and others in hasty review the author comes to the conclusion, as accurate as consoling, that actually unlimited sovereignty is something which does not exist. To seek for it in any particular State is to search for the philosopher's stone. " Sovereignty is the highest political power in the State, lodged in active organs, for the purposes of governing," no matter to what extent that power may be limited, provided it is not so limited as not to be in any real sense the presiding power, making choice of all the more considerable issues of policy.

The two chapters on Democracy in the United States, and on Government under the United States, are the best written of the five ; and contain, among other things, the strongest statement I have seen of Professor Wilson's argument for some form of cabinet representation in the United States, for " coherent plans from recognized party leaders,

and means for holding those leaders to a faithful execution of their plans in clear-cut acts of Congress."

EMORY R. JOHNSON.

People's Banks. By HENRY W. WOLFF. Pp. 261. London: Longmans, Green & Co. 1893.

By People's Banks the author means co-operative banking. In other words, combination for mutual financial aid. As he points out in the introduction and first chapter, the really honest poor do not want to borrow from philanthropic societies, but the vagabond class are anxious to do so. This was clearly shown in the Duke of Saxe-Coburg's experiment. The Duke founded a number of non-co-operative philanthropic banks, which soon closed their doors for want of the right kind of customers. The testimony is that these honest people do not want a gift, but an instrument of self-help. Many of the men needing capital have no capital guarantee to secure repayment, so the problem is to give credit to those who have no material security to offer. This must be done, as Signor Luzzatti puts it, by "the capitalization of honesty." Scholars are, of course, familiar with subject treated, but the importance of the question makes desirable a widespread discussion of the main features of this volume. To show how the idea has been developed, the author takes up in succession the various modifications of the two systems of co-operative credit as worked out in different countries. He maintains that the founders of co-operative credit have in view the same goal, though they start from two distinctly opposite points, and, "barring *unlimited liability* and the pursuit of thrift," have nothing in common.

The Schulze-Delitsch credit associations of Germany constantly put the *lender's* interest foremost; Herr Schulze's aim was a business one. Raiffeisen, on the contrary, who founded the loan banks of Germany, places the *borrower's* interest as the keystone of his system. He aims at social benefit, not at business profits. Every member joining one of the Schulze associations is expected to take one share valued at from \$40 to \$125 (each association determining the value of its shares). This share may be paid for in small installments. The shares draw dividends ranging from one to thirty per cent. Some associations have declared dividends of nearly sixty per cent. This is gained by charging a somewhat high rate of interest. Loans are only made to members and are for short periods, never more than ninety days. As security, mortgages, pledges, bills and sureties are taken. These associations are managed by a well-paid committee whose salaries are increased by commissions based on the amount of business done.